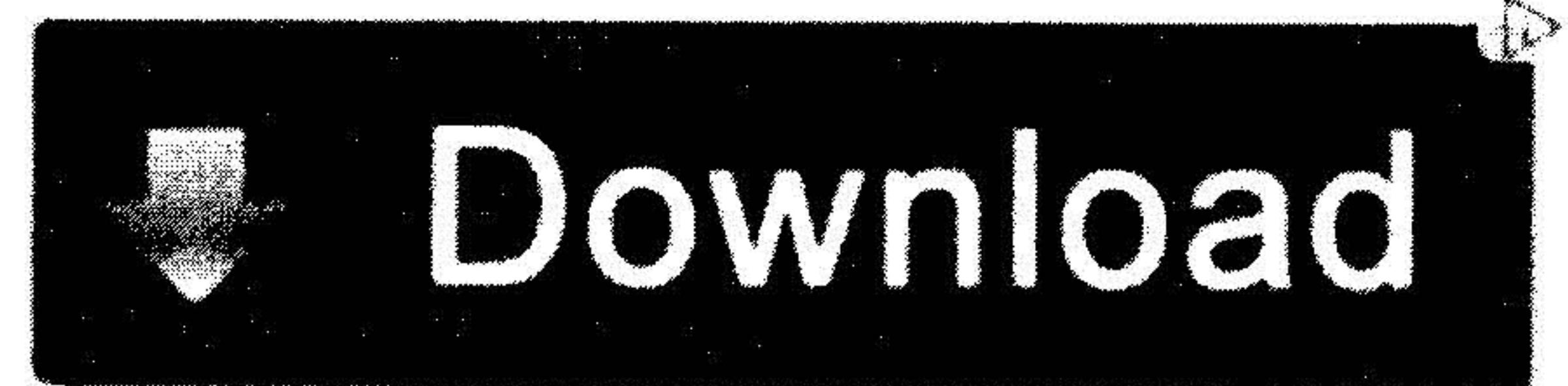


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Tampa Bay Times
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August 6, 2009

Mortgage lender Taylor Bean & Whitaker closes doors, shocks Ocala

By Jeff Harrington and John Frank, Times Staff Writers

More than 1,000 jobs are lost in Ocala when Taylor Bean closes its doors after a raid and a fraud investigation.

OCALA - In nearly every office, cubicle and chair here at the local workforce agency Thursday sat a shell-shocked former Taylor, Bean & Whitaker employee.

In one hand, victims of the suddenly defunct mortgage goliath clutched damp tissues; in the other, an application for unemployment benefits. Around them, dozens of staffers scurried at hurricane-drill pace to triage what more than one local official compared to a natural disaster.

Taylor Bean, the country's third-largest FHA lender, was arguably the biggest player in the mortgage industry you've never heard of.

That obscurity was shattered in a painful way this week after federal authorities raided the company, forced it to stop making FHA loans and confirmed that its leaders were under investigation for fraud.

On Wednesday afternoon, the company suddenly closed its Ocala headquarters, putting up to 1,000 employees out of work, and pulled the plug on its national network.

"People are pretty traumatized," said Susan Roberts, an executive vice president at Workforce Connection, a nonprofit that helps displaced workers. "I was helping a woman who in between tears was filling out her unemployment forms."

Though better known for its small-town feel and prestigious horse farms, Ocala relished how Taylor Bean brought pride to the area and offered some of its highest-paid jobs.

Yet the ripples of its demise extend far beyond Ocala's borders:

- . Thousands of borrowers seeking mortgage loans and refinancings in Taylor Bean's pipeline are suddenly back to square one.
- . Cash-strapped borrowers could struggle the most to find a replacement lender offering affordable terms. Taylor Bean was one of the country's largest FHA lenders, trailing only Bank of America and Wells Fargo. It was one of very few handling FHA loans for manufactured homes.
- . Hundreds of small banks and brokers that sold their loans to Taylor Bean are suddenly scrambling to find new partners. The removal of a major player could lead to higher prices as well as fewer choices.

Colonial Bank, a \$26 billion Alabama bank with nearly 200 branches in Florida, was relying on Taylor Bean as a lifeline. A planned \$300 million infusion of capital from Taylor Bean fizzled last week, raising doubts Colonial will continue.

Valerie Saunders, president of the Tallahassee-based Florida Association of Mortgage Brokers, said she has three friends who were in the middle of arranging FHA loans through Taylor Bean.

All three now have to look for new financing. That means new appraisals for her friends and likely tougher financing terms if they find a new lender. If they had previously locked in at lower rates, they're out of luck.

"I consider it to be devastating," Saunders said. "Our state really can't handle too much more negativity, especially regarding housing."

Michael Moskowitz, president of the New York-based home lender Equity Now, said many lenders have far sicker loan portfolios than Taylor Bean's. "It shows that in the mortgage industry, many players are still in a precarious position," he said.

Rags to riches

Taylor, Bean & Whitaker had modest roots, much like the executive who built it into a powerhouse, Lee Farkas.

In an interview last month with *Ocala Magazine*, Farkas described his rags to riches tale: "I came here penniless after living in St. Thomas in the Virgin Islands to help someone sell a troubled subdivision in Marion County. After I got here, I was too poor to go anywhere else."

Farkas bought Taylor Bean in 1990. After a slow start, he posted phenomenal growth numbers, reaching \$30 billion worth of business annually.

After the housing meltdown and demise of such players as Countrywide Financial, Taylor Bean was one of the few surviving lenders that relied on mortgage brokers and correspondents to find loans. Banks cut back on using brokers.

FHA loans, federally insured loans that are more attractive to lenders, have played an increasingly critical role in the housing market after large banks and private mortgage insurers pulled back on lending. Taylor Bean capitalized on the shift, continuing to grow.

It ranked 12th among U.S. mortgage originators in the first half of this year with \$17 billion in loans, or 1.7 percent of the total, according to industry newsletter *Inside Mortgage Finance*.

Guy Cecala, *Inside Mortgage* CEO and publisher, said the company's accelerated growth while others were shrinking should have been a red flag.

They weren't growing because of better pricing, he reasoned. So it was likely either a case of lax underwriting - or fraud.

Taylor Bean started unraveling when federal Housing and Urban Development (HUD) officials noticed that FHA-insured loans underwritten by the company were defaulting at a significantly greater rate than those of FHA's other borrowers.

On Monday, citing evidence of fraud, the FBI and federal agents for the FHA raided Taylor Bean's headquarters. The FHA also recommended that two top company officials be temporarily banned from doing mortgage business with the federal government.

On Wednesday, Farkas sent an e-mail to employees, which was forwarded to the *Ocala Star Banner*. It bore the subject line: "The saddest day of my life."

Farkas told workers he tried to do everything possible to save TB&W but couldn't. "We did our best for a very long time," he wrote. "I apologize to everyone."

Bad hit for Ocala

The Ocala Marion County Economic Development Corp. lists Taylor Bean as the area's fifth-largest employer with 1,238 employees. But that doesn't include scores of other employees and brokers across the country. The company's Web site lists 25 other offices, including one in Tampa and one in Largo. No one could be reached at either location Thursday.

The loss comes at a particularly difficult time for Ocala and its 54,000 residents. Unemployment already stands at 12.6 percent. A dozen top employers already downsized or closed doors in Marion County this year and no one is filling the gap.

"We have never seen this number of layoffs before in the history of Ocala," said Jannet Walsh with the Workforce Connection.

Angelica Rolon, a mother who supports her two children and stay-at-home boyfriend, reported to the workforce agency instead of her Taylor Bean job Thursday. "I need anything right now," she said as she filed forms for unemployment. "I have a family at home. I was the only one making money."

According to HUD, Bank of America will eventually take over servicing Taylor Bean loans. For now, Taylor Bean's skeleton staff is trying to appease customers who manage to reach them.

A receptionist spent the better part of the day answering phone calls from uncertain mortgage holders.

"Yes, your mortgage is still held by Taylor, Bean & Whitaker," she said for the umpteenth time into her headset, her artificial finger nails clicking the computer keys. "Yes, you still need to make the payments to Taylor, Bean & Whitaker."

Behind her, through a glass wall, sat rows and rows of empty cubicles.

Times staff writer Robert Trigaux and Times researchers Will Gorham and Carolyn Edds contributed to this report. Jeff Harrington can be reached at jharrington@sptimes.com or . Follow him on Twitter at <http://twitter.com/jeffmharrington>. [<http://twitter.com/jeffmharrington>]

. What now?

What if I have financing through Taylor Bean?

Continue sending payments to Taylor Bean as usual. Bank of America eventually will take over servicing of existing loans under an arrangement with the U.S. Department of Housing and Urban Development.

If you're in the middle of arranging financing through Taylor Bean, you have to start over and find another lender.

HUD officials said they will honor Taylor Bean loan packages that have already been approved. But there's a caveat. Since the company closed its lending division Wednesday, HUD officials say it's not clear they will be able to assess the status of some loans that may have been approved.

For more information about FHA loans, call .

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2006 ANNUAL REPORT	1	8/1/2006
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**Taylor, Bean & Whitaker
Mortgage Corp.**

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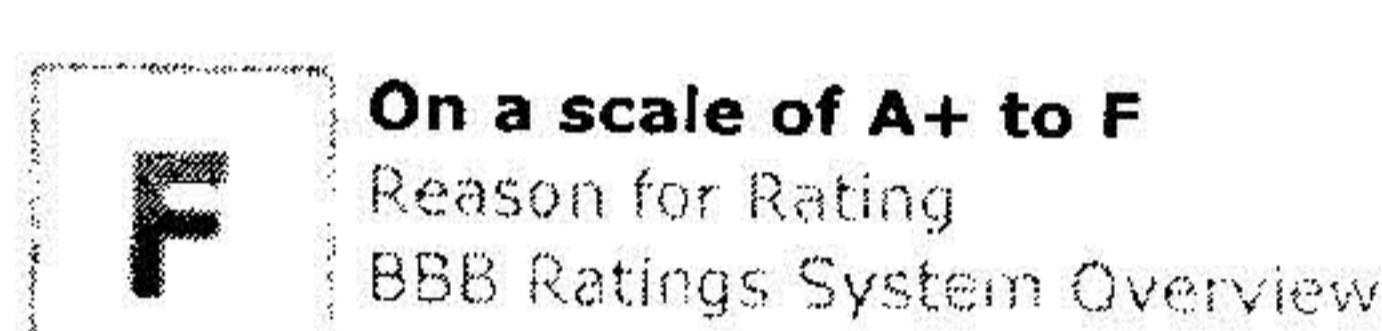
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315 NE 14th Street, Ocala, FL 34470

<http://www.taylorbean.com>

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BBB Accreditation

Taylor, Bean & Whitaker Mortgage Corp. is not BBB Accredited.

Businesses are under no obligation to seek BBB accreditation, and some businesses are not accredited because they have not sought BBB accreditation.

To be accredited by BBB, a business must apply for accreditation and BBB must determine that the business meets BBB accreditation standards, which include a commitment to make a good faith effort to resolve any consumer complaints. BBB Accredited Businesses must pay a fee for accreditation review/monitoring and for support of BBB services to the public.

Reason for Rating

BBB rating is based on 16 factors. Get the details about the factors considered.

Factors that lowered Taylor, Bean & Whitaker Mortgage Corp.'s rating include:

- 281 complaints filed against business
- Failure to respond to 5 complaints filed against business.
- 5 complaints filed against business that were not resolved.
- 26 serious complaints filed against business.
- Government action(s) against business.

BBB is receiving phone calls in regards to consumers receiving checks from the company that are not valid. Florida consumers can visit the Florida Office of Financial Regulation and file a complaint by [clicking here](#).

Consumers that have property outside of the State of Florida, will need to check with your state office of financial regulation.

For additional information in regards to your mortgage, including what company is handling your mortgage, [click here](#).

Customer Complaints Summary

278 complaints closed with BBB in last 3 years | 3 closed in last 12 months

Complaint Type	Total Closed Complaints
Advertising / Sales Issues	2
Billing / Collection Issues	77
Delivery Issues	12
Problems with Product / Service	197

Guarantee / Warranty Issues	0
Total Closed Complaints	278

Government Actions

The following describes a government action that has been resolved by either a settlement or a decision by a court or administrative agency. If the matter is being appealed, it will be noted below.

On August 21, 2009 the Florida Office of Financial Regulation issued a second cease and desist order to cease foreclosure proceedings, cease addressing late charges and cease reporting late payments to any credit bureau.

On August 7, 2009 the Florida Office of Financial Regulation issued a cease and desist order which terminated or suspended Taylor, Bean & Whitaker from participating as a mortgage seller or servicer. Under terms of the order, the company must not only cease operation in the state but also ensure that Florida borrowers caught in the loan application process when it shuts down are not harmed and are placed with viable alternate lenders.

On June 22, 2009 the business agreed to a multi-state settlement with 14 states. The examination of this business alleged exceptions relating to the company's underwriting standards, compliance and risk management practices, and internal control procedures with regards to nontraditional mortgage loans in 2006.

Under the terms of the settlement agreement, the company has agreed to the following:

*Implementation of a loan modification program that will conform with the "Making Home Affordable" program released by the US Department of Treasury.

*Hire an independent firm that is approved by the state mortgage regulators to review the company's nontraditional mortgage loans that originated from 2006 to 2007 to determine whether additional reimbursement to consumers is warranted.

*Implementation of a comprehensive compliance program to be reviewed and approved by the 14 states mortgage regulators to ensure compliance with applicable laws, regulations and rules governing the conduct and operation of its mortgage business.

*The company will pay \$9 million to assist the 14 states in their oversight of mortgage origination practices.

The following describes a government action that has been resolved by either a settlement or a decision by a court or administrative agency. If the matter is being appealed, it will be noted below.

3/31/2011 - US Department of Justice. Financial Analyst Pleads Guilty. To read the full press release go to <http://washingtondc.fbi.gov/dojpressrel/pressrel11/wfo033111.htm>

4/19/2011 - US Department of Justice. Former chairman of Taylor, Bean Whitaker convicted of \$2.9 billion fraud scheme. To read the full press release go to <http://washingtondc.fbi.gov/dojpressrel/pressrel11/wfo041911.htm>

What government actions does BBB report on?

Advertising Review

BBB has nothing to report concerning Taylor, Bean & Whitaker Mortgage Corp.'s advertising at this time.

What is BBB Advertising Review?

Additional Information

BBB file opened: 10/01/2004
Business started: 01/01/1981

Contact Information

Primary Contact: Mr Lee Farkas (CEO)
Complaint Contact: Ms Sherry D Dickinson (Contact)
Mr. Ray Bowman (President)
Mr. Sean Ragland (Senior Financial Analyst)
Emmett Healy (Manager)
Jayne Stanely (Manager)

Business Category

Mortgage Brokers

Alternate Business Names

Taylor Bean & Whitaker Mtg Co, Taylor Bean Whitaker Mrtg Corp

Industry Tips

Beware of Predatory Practices in Home Mortgage Lending
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Mortgage Choices
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